

House File 2125 - Introduced

HOUSE FILE 2125

BY RINKER and NORDMAN

A BILL FOR

1 An Act relating to college athletics by requiring a name,
2 image, and likeness financial literacy course for college
3 athletes, exempting certain net income received by college
4 athletes from the individual income tax, and allowing for
5 deductions from individual and corporate income taxes for
6 contributions made to college athletic collectives, and
7 including retroactive applicability provisions.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

NET INCOME TAX EXEMPTION AND DEDUCTION — COLLEGE ATHLETICS

Section 1. Section 422.7, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 44. a. As used in this subsection:

(1) "*Collective*" means a for-profit or nonprofit entity that pools money to provide benefits to student athletes including facilitating opportunities to build and enhance the personal brand of student athletes enrolled in the school.

(2) "*Nonprofit*" means exempt from federal income taxation pursuant to section 501(c)(3).

(3) "*Participates*" includes a student athlete who elects not to compete for a year against other competitive teams, or who is injured but remains on the competitive intercollegiate athletic program.

(4) "*School*" means a community college as defined in section 260C.2, an accredited private institution as defined in section 256.183, or an institution of higher education under the control of the state board of regents.

(5) "*Student athlete*" means a student enrolled at a school and who participates in an organized competitive intercollegiate athletic program at the school.

b. Subtract, to the extent included, net income received by a student athlete from a collective.

c. Subtract the amount of contributions, not to exceed twenty thousand dollars, made to a nonprofit collective during the tax year for the purpose of providing benefits to student athletes.

Sec. 2. Section 422.35, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 14. a. Subtract the amount of contributions, not to exceed forty thousand dollars, made to a collective during the tax year for the purpose of providing a benefit to a student athlete.

b. For purposes of this subsection:

1 (1) *Collective* means a nonprofit entity that pools money
2 to provide benefits to student athletes including facilitating
3 opportunities to build and enhance the personal brand of
4 student athletes enrolled in the school.

5 (2) *Nonprofit* means exempt from federal income taxation
6 pursuant to section 501(c)(3).

7 (3) *Participates* includes a student athlete who elects
8 not to compete for a year against other competitive teams, or
9 who is injured but remains on the competitive intercollegiate
10 athletic program.

11 (4) *School* means a community college as defined in section
12 260C.2, an accredited private institution as defined in section
13 256.183, or an institution of higher education under control
14 of the state board of regents.

15 (5) *Student* means a student enrolled at a school who
16 participates in an organized competitive intercollegiate
17 athletic program at the school.

18 Sec. 3. RETROACTIVE APPLICABILITY. This division of this
19 Act applies retroactively to January 1, 2024, for tax years
20 beginning on or after that date.

21 DIVISION II

22 FINANCIAL LITERACY COURSE

23 Sec. 4. Section 256.183, subsection 1, unnumbered paragraph
24 1, Code 2024, is amended to read as follows:

25 *Accredited private institution* means an institution of
26 higher learning located in Iowa which is operated privately
27 and not controlled or administered by any state agency or
28 any subdivision of the state and which meets the criteria in
29 paragraphs *a* and *b* and all of the criteria in paragraphs *d*
30 through *i* *j*, except that institutions defined in paragraph
31 *c* of this subsection are exempt from the requirements of
32 paragraphs *a* and *b*:

33 Sec. 5. Section 256.183, subsection 1, Code 2024, is amended
34 by adding the following new paragraph:

35 NEW PARAGRAPH. *j*. Adopts a policy requiring student

1 athletes as defined in section 422.7, subsection 44, to enroll
2 and complete a name, image, and likeness financial literacy
3 course in the first and fifth semesters of enrollment.

4 Sec. 6. Section 260C.14, Code 2024, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 25. Establish a policy requiring student
7 athletes as defined in section 422.7, subsection 44, to enroll
8 and complete a name, image, and likeness financial literacy
9 course in the first and fourth semesters of enrollment.

10 Sec. 7. Section 262.9, Code 2024, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 39. Direct the institutions of higher
13 education under its control to adopt a policy requiring student
14 athletes as defined in section 422.7, subsection 44, to enroll
15 and complete a name, image, and likeness financial literacy
16 course in the first and fifth semesters of enrollment.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill relates to college athletics by requiring a
21 financial literacy course for college athletes, exempting
22 certain net income received by a college athlete from the
23 individual income tax, and allowing for deductions from
24 individual and corporate income taxes for contributions to a
25 collective.

26 DIVISION I — NET INCOME TAX EXEMPTION AND DEDUCTION —
27 COLLEGE ATHLETICS. The bill exempts from the individual income
28 tax net income received by a student athlete from a collective.

29 The bill allows a deduction from the individual income tax
30 the amount of a contribution, not to exceed \$20,000, made to
31 a nonprofit collective during the tax year for the purpose of
32 providing a benefit to a student athlete. The bill allows a
33 similar deduction from the corporate income tax not to exceed
34 \$40,000.

35 The bill defines "collective" to mean a for-profit or

1 nonprofit entity that pools money to provide benefits to
2 student athletes including facilitating opportunities to build
3 and enhance the personal brand of the student athlete enrolled
4 in the school.

5 The bill defines "school" to mean a community college,
6 an accredited private institution as defined in Code section
7 256.183, or an institution of higher education under the
8 control of the state board of regents.

9 The bill defines "student athlete" to mean a student
10 enrolled at a school who participates in an organized
11 competitive intercollegiate athletic program at the school.
12 The bill also defines "participates" to include a student who
13 elects not to compete for a year against other competitive
14 teams, or who is injured but remains on the competitive
15 intercollegiate athletic program.

16 The division applies retroactively to tax years beginning on
17 or after January 1, 2024.

18 DIVISION II — NAME, IMAGE, AND LIKENESS FINANCIAL LITERACY
19 COURSE — COLLEGE ATHLETE. The bill requires a student as
20 defined in the bill to enroll and complete two name, image,
21 and likeness financial literacy courses during the enrollment
22 period at a community college, accredited private institution,
23 or institution of higher education under the control of the
24 state board of regents.